The Free Market

"If you don't create a free market, a black market will emerge"

NEWSLETTER OF THE LITHUANIAN FREE MARKET INSTITUTE - www.freema.org/Newsletter/index.phtml

NEWS

LFMI hosted a prominent French economist

On November 26, 2004 the Lithuanian Free Market Institute (LFMI) held an Annual Meeting to mark the beginning of the fifteenth year of work and to host distinguished guest speaker prof. Pascal Salin from France. The event drew together LFMI's supporters, media representatives, politicians, friends, and fellow thinkers.

LFMI was delighted to present Prof. Pascal Salin, one of the most prominent contemporary thinkers of economic liberalism and perhaps the most outstanding French economist. The topic of his speech was „How monopolies work in the private sector and competition in the public sector." In his speech Prof. Pascal covered the most important economic problems and facilitated discussion on such issues as what the best monetary policy is, how monopolies jeopardise a free market, what governments should do to curb monopolies, and how governments should perform market oversight…

Ugnius Trumpa Re-appointed LFMI President

On November 24, 2004 a general meeting of LFMI partners re-elected Mr. Ugnius Trumpa as LFMI's President for another three-year term of office. Mr. Trumpa has been in this position since November 2001 when he replaced the institute's former president and founder Elena Leontjeva upon her resignation.

Upon joining LFMI in 1996 as LFMI's Vice-president, Mr. Trumpa initiated and led the institute's work on eliminating business constraints and reducing bureaucracy. Over time this initiative has grown into a business deregulation programme and has garnered broad-based support from the public and government. Currently, Mr. Trumpa is also responsible for LFMI anti-corruption initiatives. He holds a M.A. in philosophy from Moscow Lomonosov University and a diploma in economics from Vilnius University.

Under his leadership, LFMI has been awarded a prize of the Templeton Freedom Awards Program given in the category of Institute Excellence. Over 140 institutes from more than 50 countries took part in the Templeton Freedom Awards Program. Also, LFMI held the first think-tank school for NGOs from European countries in Vilnius in the autumn of 2004.

LFMI's project on Lisbon Agenda and labour market regulations

In December 2004 LFMI started a project on the Lisbon Agenda and regulation of the labour market. The Lisbon Strategy is facing serious challenges in its implementation: there is significant tension among the Lisbon's incompatible goals, ambitious plans and a desire to maintain unsustainable social structures in the EU. One of the most challenging aspects of the Lisbon Strategy is the so-called Europe's social model, and labour market regulation in particular as one of its aspects.

The goal of the project is to show the impact the regulation of the labour market has on the competitiveness among EU member-states as well as on the implementation of the Lisbon Strategy, illustrated by examples in Lithuania and the United Kingdom. LFMI will prepare a position paper on the Lisbon Agenda and labour market regulation, which will be presented during the round table discussion on January 19th, 2005.

Lithuanian and U.K. government representatives, economists and policy analysts, along with representatives from the media and business have been invited to join the discussion to analyse the affect the regulation of the labour market has on the competitiveness between EU member-states and on the implementation of the Lisbon Strategy. Participants will also discuss possible policy-positions of Lithuania on the issue of the Lisbon Strategy and labour market regulation.

LFMI will analyse how to enhance the legal climate for NGOs in Lithuania

In January 2005 LFMI launched a project aimed at strengthening the legal basis in Lithuania for work and development of NGOs. The goal of the project is to identify problems related to, and to promote and facilitate public debate about, legal environment for NGO's in Lithuania.

Two studies will be conducted within the framework of this project. First, LFMI will make analysis of the Law of Lobbying Activities in Lithuania to identify possible conflicts with the actual specifics of NGO activities. The study will be based on the analysis of the said law and relevant legal documents, comparing them afterwards with legal regulation of relations between the government and NGOs abroad. The second study will focus on regulation of NGOs financial accounting, and problems related to a general lack of knowledge about procedures relevant to NGO financial accounting.

The results of the project will be introduced to the public and government officials in the spring 2005.

Market participants predict steady, but moderate, economic growth in 2005

In October 2004 LFMI presented the 14th survey of the Lithuanian economy, based on market participants' forecasts for 2004 (updated) and for 2005. According to the survey of market participants conducted by LFMI in July-August 2004, the economic situation in Lithuania should remain stable in the near future. The economy is still growing rapidly, the financial situation of Lithuanian companies is improving, the unemployment rates are declining, and the average salaries are rising. On the other hand, the survey shows that the shadow economy has not been shrinking for several years and will remain so, while the tax burden was forecast to increase. In the previous survey, inspired by high expectations of the upcoming membership of the European Union, the market participants voiced very optimistic prognoses in almost all sectors. However, during this survey their forecasts were more moderate.

A summary of the survey results is posted online: http://www.freema.org/Projects/Survey14.phtml.

LFMI presented research findings and proposed tools to boost competitiveness and welfare

LFMI's President Ugnius Trumpa and Minister of Economy Petras Cesna at the discussion

On October 20, 2004 LFMI held a round table discussion which was focused on changes that are needed to boost Lithuania's competitiveness and people's well-being. The goal of the event was to present LFMI's most recent studies – a comparative analysis of taxation applied to income from labour in EU countries, and a research of economic impact of employment regulations.

LFMI believes that these issues are among the most important ones seeking to promote the country's investment climate and welfare for a growing number of people.

Staged at the Lithuanian Ministry of Economy, the event drew specialists and policy analysts from relevant ministries, business associations, banks as well as journalists. The-then Minster of Economy Pranas Cesna delivered an opening speech at the discussion.

The analysis of taxation of income made by LFMI dispelled the myth that income tax is one of the lowest taxes in the EU. It showed that Lithuania imposes a much higher burden on income from labour, as compared to other European countries. Also, the study presents arguments that progressive taxes are becoming unpopular in other countries and that Lithuania should not even debate over the introduction of this defective system of taxation. In the study, LFMI's policy analysts propose a reduction of personal income tax from 33 percent to 15 percent and calls for applying a uniform tax rate instead of the existing two.

The study of employment regulations revealed that a number of labour-related rules are more rigid and meticulous than the requirements of the European Union. LFMI pointed out that it is indispensable not just to lower income taxes but also to liberalise the rules and soften the requirements levied on hiring, duration of work, working overtime, collective agreements, minimum wage, etc. LFMI argues that these serve a primary drag on business growth which undermines entrepreneurs' opportunities to create new and retain well-paid jobs, diminishes companies' competitiveness, and increases unemployment.

LFMI will submit its research findings and proposals to the incoming government and new members of parliament as well.

LFMI held the first training courses for think tanks from CEE

In the autumn of 2005 LFMI organized the first training school for think-tanks from Eastern and Central Europe "Strengthening think tanks in Eastern and Central Europe: Exchanging good practices" which took place on 11-14 November 2004 in Vilnius, the capital of Lithuania.

The goal of this project was to strengthen professional skills of thinks tanks from Central and Eastern European (CEE) countries by providing them with an opportunity to exchange examples of good practice. The training covered a broad scope of topics crucial in every-day life of think tanks: methods of research and analysis, project management, fundraising, and government and public relations.

The project was funded by the Open Society Fund Lithuania.

More about the training school please read in an article "Think-tanks on the Move" (page 6).

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FEATURE

In the following article LFMI's Vice-president Guoda Steponaviciene argues that people need to work longer and more productively if the EU is to achieve its "Lisbon strategy" goal of becoming the World's most competitive economy. Her commentary was posted on the The EUobserver.com, an independent and the largest online news site focused on the European Union, November 29, 2004.

No such thing as a free lunch

By Guoda Steponaviciene, Vice-president, LFMI

The recent report of the High Level Group on the Lisbon strategy has given new impulse to the debates on this broad and controversial issue. As the report says, the Lisbon strategy is about everything and about nothing.

But the group also stated, however, that the "Lisbon's direction is right and imperative" and saw only one problem - that much more urgency was needed in its implementation.

The report, fraught with slogans and calls to act, resembles an advertising campaign rather than evaluation and prompts the following questions - what is the Lisbon strategy needed for and what should be done to attain its goals (if we agree that the goals are growth and employment).

Dovetailing the incompatible

So, why do we need the Lisbon agenda? The first answer is because we have to be the best in the world, or at least be better than the US. For Eastern European people, this recalls the famous Soviet slogan, "Catch up with and take over America." No wonder for some people, it leaves a bad taste in the mouth.

But do people actually care about being number one in the world or do they care about better living? It seems more reasonable to be concerned about one's own well-being rather than measuring yourself against others. I believe that Europeans are less interested in being better off than the American people and more concerned with simply living well. What living well means is another, not easy question.

Another reason for the Lisbon agenda, stated in the report is that we need it "in order to sustain Europe's social model." The essence of this model, we should remember, is not changing much or, more specifically, not taking away any of the existing social guarantees and benefits. Protests against attempts to reform labour markets and health care systems in Germany and other European countries demonstrate this very well.

How then can we expect the agenda for "growth and employment" to be implemented? This is the really tricky question: most people in the old European countries would like to preserve the current level of social welfare and even to increase it.

And the painful truth is that in order to enjoy real welfare, at least some part of the present benefits should be sacrificed. It is logical to say that to increase productivity, people have to work better and they should have the opportunities to do this.

Structural reforms, please

Education and social security are also key areas which Europe needs to consider carefully in its Lisbon strategy.

Sadly, not a single, specific measure has been proposed for structural changes in education systems. It would be naïve to believe there is no need for reform. Even if we are not making Europe a "copycat" of the US, we should bear in mind that most European countries have no private universities, while in the US even state-owned universities offer their services as market players.

The same is with health care and social security reforms. The report states, "Already from 2020, projected spending on pension (with current level of benefits) and health care will increase by some 2% of GDP in many member states and in 2030 the increase will amount to 4-5% GDP."

These forecasts are serious and almost certain to come true as a natural result of the pay-as-you-go pension systems and government financed health care schemes.

However, again, not a single hint at how to crack this problem can be spotted in the report, except an invitation to multiply the number of immigrants who would kindly earn the tax money to cover the proliferating costs of the European way.

Knowledge economy overrated

The report contains a huge chapter on the knowledge economy. This is natural as this topic is wide and complicated.

But bearing in mind that other crucial issues of growth and productivity - CAP, a more open external trade or a replacement of regulations with market instruments – have not been mentioned at all, the significance given to the knowledge economy seems slightly overblown.

The key ideas of the knowledge economy, underlined in the report, are to make R&D a top priority and to develop the high-tech industry. We are far from sure such priorites are justified.

Most analysts agree that the bottleneck of productivity growth is not in knowledge creation (R&D), and, especially, not in the sums spent, but in the application of knowledge (innovation).

The fact that Europe produces nearly twice as many science and engineering graduates as the US is presented as an advantage in the report. However, the report doesn't address a natural question why those scientists don't produce as much as those fewer in the US.

And it seems somehow strange to focus on such things as R&D, high-tech, clusters and other sophisticated economic formations when people in Europe cannot easily hire a plumber to fix a tap or a baby-sitter for their child.

No such thing as a free lunch

The McKinsey Global Institute suggests that insufficient competitive pressure is one of the most important factors in explaining the relatively poor use of productivity-enhancing ICT in the EU compared with its major competitors. Having admitted this fact, we shouldn't wonder why services do not enter new markets – they are already scarce on their home markets.

Strangely, the report does not question, why. This is not R&D and not high-tech innovation. We cannot blame the market for failing to invest into these undertakings. Nor can we regret over the brain-drain because more hands than brain are required for most of the services that European citizens need and are ready to pay for.

We can only conclude that there is something wrong with the motivation to work in Europe. Or has work ceased to be a value in Europe?

To conclude, let's get back where we started. Why do we need Lisbon? We need it for better living – high-quality education, health care and other services available in the market as well as the climate suitable for work and preservation of natural motivation to work.

How to achieve this? First, we need to promote competitive pressure and admit an ancient truth that to earn more people need to labour more and better. Contrary to popular statements, human dignity is not enough for attaining material wealth.

Second, before harmonizing regulations in the EU, make them smaller and simplified – this would make life easier for those who live under these regulations and those who are struggling for harmonisation.

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FEATURE

The following article was prepared based on the paper which was delivered at the first think-tank school organised by LFMI in Vilnius in November 2004.

The Taste of Public Money

Should advocates of government spending cuts accept or refuse from public money?

By Ruta Vainiene, Associate Policy Analyst, LFMI

For more than a decade employed in a non-government organization, advancing the ideas of free market and limited government, I have constantly confronted a dilemma - what to do with government funding. Official money, of course, has not knocked at our door itself, but the opportunities were always present to take part in various national and international tenders. We have suffered an uneasy fate to go through a maze of doubts, arguments, justifications and condemnations which has given a rise to the framework of "good conduct." Today I would like to share it with all those who are still being plagued with doubts – to accept or to refuse money from the government.

But let's start from the beginning…

If we look through various definitions of private enterprise, free market and capitalism, we will find out that the essential feature that distinguishes a private undertaking from a government one is the type of ownership. If the shares in a company are owned by private individuals, it is private; if they belong to a government agent, it is state-owned. If private agents participate in exchange freely, we are witnesses of a genuinely free market, and if government agents do so, then it is some sort of state capitalism. If the means of production belong to private individuals, we have capitalism, and if they are owned by government and public representatives, then it is socialism. And further go the well-known conclusions: private equals efficient, state-run equals wasting, capitalism equals prosperity, and socialism equals failure.

I certainly do not intend to refute these fundamental and proved statements: they have been, are and will remain true. But the modern-day world has revealed one more important criterion that can help to draw the line between the private and the state-owned, and the effective and the profligate. It is the "consumption" of government funds. Currently, it's a pressing issue to be analysed as from one-third to three-quarters of countries' total expenditure is derived from state budgets and funds.

If we take into account the criterion of funding, in addition to the type of ownership, real life situations fall into the following four groups:

A) State ownership and state funding. In Lithuania such are public schools, hospitals and other budget institutions.

B) State ownership and selling in the market. For example, state-owned enterprises that are not furnished with state grants.

C) Private ownership and state funding, including public procurement. The number of such cases has increased in line with the emergence of structural funds of the European Union. There are plenty of them in the agricultural sector, road building and the re-processing of subsidized products. Unfortunately, many of such instances are in the non-profit sector as well.

D) Private ownership and selling in the market. These are private companies that sell their products and services to other private companies or individuals. This group predominates, at least in Lithuania.

In real life, apart from a genuine state sector (case A) and a genuine private sector (case D), to which we may unarguably apply the conclusions described in the first paragraph, there also exist quasi-state and quasi-private sectors, as in cases B and C. What do we know about the effectiveness and motivation of these sectors and what implications does the activity of such enterprises impose on an overall economy?

Let's analyze case B – a state-owned company operating in the market. The undertaking is not being subsidized, it doesn't receive government contracts, and it doesn't even take part in public procurement. In this particular case an ineffective redistribution of resources takes place at the point when the state forms the capital of the company. If afterwards the company is no longer being fed with government money and is granted no legislative privileges, we may say that state intervention has ceased. The company competes with other market participants on an equal playing ground. When the company does not accept injections of government fund, its activity undergoes a kind of privatization. If the government succeeds in finding a motivated manager and employees, the company may operate at a profit, if not, it is most likely to fail. Although, in reality, state-owned companies rarely go bankrupt because in most cases they are simply "cured" by injections from the government, only then it will be case A. Finally, state ownership can be quite easily privatized by selling its shares.

To sum up, the existence of state-owned and non-government funded undertaking is harmful to the market, and this harm is tantamount to financial expenses that have been incurred to form the company's capital and the damage that was imposed on its former competitors at that point of time.

The situation is different in case C when the undertaking is private but the funding is public. It's small difference whether the funding is extended "for free," as a grant, or as payment for services delivered or goods sold. The essence is that the state turns into a central partner for this type of companies. If they aim at receiving government funding, they are forced to shift their activities towards a new, non-market direction. By declining the verdict of consumers, such private businesses bring upon themselves the verdict of the government. In a sense, nationalization of the company's activity takes place - translation from the private to the public domain. If the company is being focused on government funds for a long period of time, its mentality, pricing, marketing and all other elements of activity undergo marked changes: they are tuned to satisfy the state's rather than the people's needs. The disorganization of resources occurs when the state resorts to issuing money, that is, all the time. This situation has only one advantage: it's slightly better than case A where there's no private element at all and thus no opportunity to perform efficiently.

In line with rising government spending, increasing public procurement and emerging opportunities to use various structural funds, a number of enterprises are faced with a dilemma – to seek or not to seek, to take or not to take money from the state. Each company has an answer to this question which naturally is profit-motivated: if the project is profitable and the bureaucracy and time-wasting involved do not frighten away, a good deal of businesses become entangled with the government. The dilemma over accepting official funds or not is especially acute for those who do not seek profit. I am talking about not-for-profit companies. It is particularly strenuous for NGOs that advocate values, entirely contrary to the government's mind, and for those who in one way or other call for curtailing government spending.

The first answer that comes up is this: once your mission is to reveal the vices of state funding and champion spending cuts, you should start from your own backyard in the first place: don't accept government money. Not a single form of it. This recommendation may well be applied to those people who grumble at public health care (go to the private!), mumble at the government (don't vote!), etc. As they say, let's be poor, but just. Such attitude is certainly very dignified; however, an isolated act of protest seeking to trim government spending is overly ineffective.

The primary reason why it is so is that one or two protesting cries won't change the system. Budget revenues will still be spent as they've been planned because it's in the nature of the government – to imbibe projected budget money to a single penny. And let's forget that the tax burden may be eased just because one or two champions of the free market act in a particularly honourable way. The funds will all the same be "sheltered" by someone else, perhaps some confessant of social democratic values. As a result, free-marketeers will attain next to nothing, or perhaps will be ousted from the game altogether, because they are sure to fail in competing with those who accept government funding. A boycott may encourage essential changes only when it is massive. Unfortunately, in a time when everyone is setting their bag for structural funds, a massive boycott against state funding is but a mere illusion.

In addition, this vice may get even worse, if the state, failing to find a needed service on the market, establishes a public provider of this service. Consequently, we will have case A with all (even more deleterious) flaws.

So should we take public money nonetheless? Being well aware that it's wrong, but opting for the least vice of all? Understanding that the ideal striving contracts sharply with the real environment, forcing to admit the existing rules of the game? Should we go on devising pros for government funding to justify ourselves: 'private customers are not saints either' or 'the government will take heed to proposals when it pays'? Should we envisage favourable changes in the fact that free-marketeers are beginning to win government tenders more frequently?

This is for everyone to decide individually. However, those who choose to accept public funds may derive some benefit from the following pieces of advice.

First, when free-market groups plan to take government funds, it is very important to make sure that the money they are aiming at will be spent for one purpose or another and that the projects they take part in are not some "extra" programmes which will require an increase in the tax burden.

Second, it is crucial that think-tanks accepting public funds manage to pursue "a non-government mission" or to work over the issue of limiting the government. We know that the dismantling of a state system can be accomplished only at the will of the government itself, so it would be brilliant, if government money served as the investment into its own reduction. This is similar to dismantling of the state social insurance system: it needs to be financed, but the process has a happy ending. Such projects are rare exceptions among those commissioned by the government. However, when they occur, free-market think tanks simply do need to participate in them.

Third, once think tanks accept public funds, they should admit it openly. We shouldn't delude ourselves that "we are not funded by the national government" (when we are financed by the USAID or the PHARE programme) because it runs something like this: "We are not stealing from the Lithuanian taxpayers, we are stealing only from the US citizens." Moreover, we should not shift the responsibility onto the shoulders of the government: "We have just created a product, and the government has purchased it." Of course, sometimes we never know who has acquired our product, but it doesn't obtain in cases when we compete for official money. Any shape of cheating ourselves postpones real understanding about the virtues and the flaws of government funding.

Fourth, think tanks should not get addicted to government money. It is as drugs – overdosing can be lethal. A clever posture would be to maintain a cautious distance by diversifying income sources. After tasting government money and penetrating its mechanism, it's highly recommended to pause and have a break. For recovering your health.

And my final point – which is getting unshakeable every day – is that after becoming enmeshed in a maze of government funding you quickly realize how little it pays back! Many think tanks burn their fingers: gigantic bureaucracy, tremendous piles of work to be done, "overworking," special quadruple accounting and, most importantly, no satisfaction whatsoever with the toil which either will be placed in a drawer as overly "correct" or will evoke a suspicion, if used for some purposes.

If think tanks, being the partisans of the free market, have a different stance and extremely enjoy taking money from the government, they should think very well indeed if they are in the right shoes!

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FEATURE

Leaders of two European think tanks reflect on inaugural events that marked the year 2004 – the first European Resource Bank meeting and the first think-tank school for NGOs from CEE. The following article by Pierre Garelio, Director of Academic Affairs, IES-Europe, and Ugnius Trumpa, President of the Lithuanian Free Market Institute, was posted online at TechCentralStation (TCS), a free-market oriented, on-line think tank.

Think Tanks on the Move

By Pierre Garello and Ugnius Trumpa

All of us have been in contact with ideas of freedom for years or even decades and we have embraced them whole-heartedly. But once people get these ideas, how do they go about developing them? In particular, how do they put them into action? And what is the point of fostering good ideas if you can communicate them to no one?

The past year was exceptional for European free-market institutes. It was marked by two new significant events that aimed precisely at providing the keys to answering such questions: the first meeting of the European Resource Bank, held in Borovets, Bulgaria, and the first European think-tank school, organized in Vilnius, Lithuania.

The idea of a Resource Bank is simple: to gather individuals who share the same values and goals, and to exchange with them experiences and ideas. For, indeed, the "ultimate resource" available in order to bring wealth and peace to this world is made of those individuals who are attached to the principles of property and responsibility and are anxious to implement them.

Hence about 80 individuals from 20 countries and around 30 think tanks and institutes of all sorts met in Borovets, Bulgaria, on October 29-30. Among representatives from the "old" and younger think-tanks were those from the new ones presenting their brand or sometimes just a desire to start NGO activity. To this list must be added individuals who came to the meeting to share their particularly rich experience, such as Mart Laar, Barun Mitra, Hans Labohm, and Milen Veltchev. (More information can be accessed at www.rbeurope.org).

One may wonder whether it is not an old-fashioned idea to meet physically while it is so cheap nowadays to communicate through the Internet or cell phones. Why should busy people spare several days to join a conference in a remote corner of Bulgaria's Rila Mountains?

The event in Borovets confirmed there were a number of compelling reasons for doing so. One way to put it is by referring to Friedrich von Hayek's distinction between tacit and scientific knowledge: on the web you can get the "scientific knowledge" -- knowledge about new policies implemented here and there, knowledge of arguments designed to oppose silly policies, knowledge about good books, about history.

During a Resource Bank meeting people get the "tacit knowledge" -- knowledge about individuals, about how to present an argument, about the intensity of some fears or convictions, about what issues, according to colleagues, should receive priority … plus an array of other things that you will never find in a book or on the net. Both types of knowledge are complementary and necessary for success.

The second event was organized by the Lithuanian Free Market Institute (LFMI). LFMI got the idea for the first European think-tank school from the need that the institute as well as many of its partners had experienced during more than ten years of work, the need to deepen the knowledge, and to improve the skills, of think tanks and their staff.

In Europe and in the United States one can find many books and manuals about the management and fundraising of non-profit organizations, among which public policy institutes belong. However, during various meetings and events leaders and staff members of non-profits continuously point to a lack of practical knowledge and experience as well as a lack of time to acquire such know-how. Non-profit organizations also do not have time to take the long theoretical courses that educational establishments offer, and consultancy services are for many unaffordable.

These assumptions urged LFMI to offer a unique form of exchanging practical knowledge among public policy institutes, a think-tank school. The first think-tank school in EU member-states was organized on November 11-14 in the capital of Lithuania, Vilnius. This was a several-day seminar during which representatives of think-tanks taught one another by drawing on their own experience and practice.

Topics for the seminar had been offered and announced in advance. They were introduced by organizations that are prominent and acknowledged leaders in the given areas. The school brought together 22 representatives of various public policy institutes from 12 countries. Participants were selected based on their needs to enhance skills and their possibilities to share experience. The invitees included not only public policy institutes from the EU member states and acceding countries but also representatives of neighboring countries. This was meant to create conditions to share more diverse experience and to advance cooperation among think-tanks in a broader region. The school gathered together mainly leaders of public policy institutes.

Alberto Mingardi from Italy's Bruno Leoni Institute, who was among the seminar participants and speakers, said of the school, "Among the many events organized for advancing cooperation among free market think tanks, the think tank school stands alone as far as quality is concerned. It was very exciting to stay in a group of people highly determined to change the world for the better, and eager about improving the quality of their work in shaping the public opinion. If some others can follow your path, all over Europe, perhaps our battle is not lost."

The participants of the first think-tank school not only supported the LFMI's initiative to hold more think-tank schools in the future. They also announced their plans to hold such events themselves.

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The Free Market is published by the Lithuanian Free Market Institute – an independent non-profit organisation established in 1990 to advance the ideas of individual freedom and responsibility, free market and limited government. Our motto is

If you don't create a free market, a black market will emerge

The founders of LFMI are – Prof. Kęstutis Glaveckas, Nijolė Žambaitė, Dainius Pupkevičius, Petras Auštrevičius, Elena Leontjeva and Darius Mockus.

LFMI pursues its mission by conducting research on key economic policy issues, developing conceptual reform packages, submitting policy recommendations at the legislative and executive levels, drafting and evaluating legislation, and launching public campaigns. LFMI‘s activities also include sociological surveys, publications, conferences, workshops, and lectures.

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